Sanitized Copy Approved for Release 2011/03/30 : CIA-RDP90-00552R000605480174-8

3

STAT

UNITED PRESS INTERNATIONAL
22 August 1983

HONOLULU
RONALD REWALD'S EMPIRE CRUMBLES
BY GORDON SAKAMOTO

THE $12 MILLION EMPIRE OF RONALD R. REWALD STARTED FALLING APART IN LATE JULY WHEN A FEDERAL AGENCY WAS ASKED TO INVESTIGATE WHAT WAS ADVERTISED AS A LONG-ESTABLISHED INTERNATIONL INVESTMENT COMPANY.

THE INVESTIGATION BY THE STATE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS CAUSED NUMEROUS FEDERAL, STATE AND COUNTY AGENCIES TO ALSO LOOK INTO THE WORKINGS OF BISHOP, BAX, ELD, RHOHEENGHAM J WONG -- NOW IN THE HANDS OF A BANKRUPTCY TRUSTEE. AMONG THE INVESTIGATING AGENCIES ARE THE CIA, FBI, IRS, SECURITY AND EXCHANGE COMMISSION AND HONOLULU POLICE.

INVESTORS ALSO FILED SEVERAL SUITS IN HOPES OF SALVAGING WHATEVER THEY CAN OF THEIR FUNDS -- SOME OF THEM LIFE SAVINGS -- ENTRUSTED TO THE HAWAII INVESTMENT COUNSELOR'S COMPANY.

AMONG THOSE FILING SUIT AGAINST REWALD WAS JACK KINDSCHI, THE FORMER CIA STATION CHIEF IN HAWAII, WHO HAD INVESTED FUNDS IN THE COMPANY.

REWALD, 41, WHO SURRENDERED TO POLICE FOLLOWING A SUICIDE ATTEMPT, REMAINS BEHIND BARS IN LIEU OF $10 MILLION BAIL ON THEFT CHARGES.

"IT'S A CURIOUS THING," SAID MARY BITTERMAN, DIRECTOR OF THE STATE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, IN TRACING THE COMPANY'S HISTORY.

SHE SAID EVEN THOUGH THE FIRM HAD ADVERTISED EXTENSIVELY THAT INVESTMENTS WERE PROTECTED UP TO 15,000 BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, HER DEPARTMENT DREW ONLY ONE INITIAL INQUIRY. THE FDIC INSURES INVESTMENTS UP TO $1$$,$$0.

"WHEN WE RECEIVED THE INQUIRY, WE SENT THE INFORMATION TO THE FDIC AND THE FDIC'S COUNSEL WROTE TO THE COMPANY ASKING IT TO CEASE AND DESIST," SAID MS. BITTERMAN.

THE "CEASE AND DESIST" ORDER WAS ACCEPTED, BUT ANOTHER INVESTOR ASKED ABOUT THE FDIC "GUARANTEE."

MS. BITTERMAN SAID THE STATE THEN ENTERED A "FACT-FINDING MODE" AND ISSUED TWO SUBPOENAS.

TWO DAYS LATER, REWALD WAS FOUND IN A WAIKIKI HOTEL ROOM WITH WHAT POLICE DESCRIBED AS WRIST CUTS SUSTAINED IN A SUICIDE ATTEMPT.

CONTINUED

Sanitized Copy Approved for Release 2011/03/30 : CIA-RDP90-00552R000605480174-8